

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 3525 - SB 3559

March 16, 2012

SUMMARY OF BILL: Deletes certain provisions regarding surety bonds for municipal public officials and replaces them with a requirement that every officer, agent, and employee of a municipal corporation having duties embracing the receipt, disbursement, custody, or handling of money to, before entering upon these duties, be bonded or insured by a company licensed to issue bonds or insurance policies in Tennessee. Requires all such bonds or insurance to be in amounts deemed sufficient and approved by ordinance of the local governing body, provided not such amount under \$500 will be established.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – A potential decrease in the premiums paid by municipalities for coverage of municipal public officials. The amount of such decrease cannot be reasonably determined due to many unknown factors, such as the aggregate cost of premiums currently paid, the number of individuals selecting insurance coverage instead of surety bonds, the cost of insurance premiums, etc.

Assumptions:

- Under current law, insurance policies are not permitted as a coverage option for municipal public officials. The proposed legislation will allow coverage to be either an insurance policy or a bond in a specified amount.
- Under current law, bonds for \$500 or less may be given with personal surety. This legislation also removes the current ability to have a personal surety.
- A potential decrease in the premiums paid by municipality governments. The amount of such decrease cannot be determined due to many unknown factors, such as the aggregate cost of premiums currently paid, the number of individuals selecting insurance coverage instead of surety bonds, and the cost of insurance premiums.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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